

International Association of Drilling Contractors



Supply Chain Committee Meeting
25 April 2014
IADC
10370 Richmond Ave., Suite 760
Houston, TX 77042

Minutes

Call to Order: The Chairman welcomed everyone in attendance at the Supply Chain Meeting. John Pertgen mentioned that it was important for everyone to sign up with their contact details and email.

Safety Briefing/ Anti – Trust Guidelines: Mr. Pertgen provided the emergency response information. He provided an overview of the Anti-Trust Guidelines and requested that members review them in their entirety on the web site; which explains the non-collusion, non-sharing of pricing information & non exclusion of vendors.

John Pertgen mentioned the Invitation that was sent out to Supply Chain Committee members to initiate a separate Quality Committee. Since there were no responses back he mentioned that this committee could not yet be formed. Tom Schexnayder and group advised IADC that the notification had not been received and that IADC was having email problems that needed to be resolved. The committee suggested that IADC should send the invites to the right people within the drilling contractors (DC's) and explained the importance of Quality within our industry and that a second round of invites should be sent to the right audience to seek their participation.

Formal introductions were conducted within the group, including new participants. Tom Schexnayder mentioned that this was our 6th meeting and that we are starting to see the benefits of this collaboration. He also reminded all the participants that elections for the new chairman would be conducted later on in the meeting.

John Pertgen mentioned that if there were difficulties registering or signing up for the meetings that participants should reach out to Holly Shock and him. The Chairman reminded the committee that we should continue to use our internal network to grow the number of DC's participating.

The Chairman also reiterated to the whole group that this IADC Supply Chain committee has been long overdue and we are all here to participate actively as we are all passionate about the Supply Chain.

The Chairman next went thru the agenda for the meeting highlighting briefly the status of the different sub committees; Vendor Performance, Logistics and Trade compliance and reiterated again the need to get a quality committee in place to implement the initiatives that will help to improve the performance of our Vendors.

UPDATE OF SUB-COMMITTEES:

- **Metrics Subcommittee (Brent Shinall):** Report out SC by Chairman is as follows-
 - The subcommittee met the week before and decided that we needed to move forward to agree on our initiative and to put it into action. The Chairman further stated that this SC

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needs a lot of time commitment and he was glad that Rodney and Andy stepped up to the plate to move this forward.

- Andy explained to the new members the rational and goals being setting up for this committee.
 - The dates and milestones for the pilot, 1st and 2nd round of surveys were reviewed, agreed upon and finalized. Brent S. explained the reason behind this step approach.
 - The Chairman mentioned that Andy and Rodney should reach out to the quality group to get some input into the survey questions.
 - Rod queried the group as to the criteria required to select the top 15 vendors to be surveyed as it will be these companies that provide the information that will ultimately decide the criteria for selection.
 - Jorge and Andy mentioned that having the surveys conducted twice a year may be difficult to conduct, as well as monitor the changes in performance. Brent confirmed that the survey frequency query will be proposed to the subcommittee for their review and decision.
- **Action point 1:**
 - Andy and Rodney will review and finalize the survey with the Sub-committee no later than 12 June 2014 (to be shared and agreed upon at the next main committee meeting).
 - Rodney will identify the list of the top 20 DC's (onshore and offshore) and present the list to the committee at their next meeting for approval.
 - **Global Logistics & Trade Subcommittee (Joe Turner / Boris KosKos):** Report out SC by Chairmen is as follows-
 - The SC Co-Chairmen thanked the Supply Chain Committee Chair and Vice-Chair for their support and leadership for this initiative.
 - The SC focused on one document to provide guidance to ship items from the US to other places around the world.
 - The document is complete and received input from within the DC's.
 - The Co-Chair asked: How do we roll out these documents? Who is going to be our target audience? The response from the group was: Global Logistics Managers, at all levels such as Purchasing, Trade Compliance Managers, Warehouse Managers, Vendors. We should also include some companies that outsource their services.
 - One member mentioned that this is an education tool for our suppliers, having a committee formed document. He further asked: How do we get access to this? Can we have this as part of our PO process?
 - One member asked if we should distribute this guideline to the supplier base we used. It was indicated that this document is only specialized for US based exports. Some members asked: How can IADC support us? by publishing it on the IADC web site, or making it open on the SC web page?
 - Other members indicated that the checklist can be indicated on all their PO's and that it also the same could be sent to the 3PL.
 - The Committee Chairman stated that we need to put this into the IADC publications. Mr. John Pertgen requested someone to draft an article that could be published on the IADC website, in DrillBits or in the Drilling Contractor magazine. (SC Co-Chairmen to decide on best avenue)
 - The Supply Chain Committee Chairman recommended that the document be controlled by number, date and revision so that DC's can reference it on their Purchase Orders.

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- Another member stated that we can add “US specific” and mention the same in the Table of contents, since this covers 90% of global exports.
- That member also reiterated who we need to target so that we have a major impact. He also specified that we should send to the “Top 15” DC vendors or the ones with the higher OS&D and also provide Vendor training. Another member asked if there was any way that the subcommittee could develop a list of vendors to provide the training. Other members indicated that the approach taken should be to use the 3PL’s to do the training, but also noted that some people do not use 3PL.
- Joe Turner suggested the possibility of conducting the training for vendors at IADC. John Pertgen (IADC) mentioned that IADC can video the sessions and then post them on IADC’s webpage and/or put them into the DC magazine.
- Joe Turner mentioned that we also need to look at new initiatives for this SC and proposed delving into the export regulations for the GOM; or even the Drilling operations when the rig is latched versus unlatched.
- The Committee Chairman stated that we need to get the regulators into the same room to discuss the rules as they appear to be subjective based on the interpretation of the attending regulator. Several members indicated that unclear rulings actually slow down material movements from/to, cause operational delays and could subject the DC’s to penalties and fines. One member suggested that two regulators such as the Supervisor of CBP Morgan City or the Port Director Morgan City could attend a meeting; we could also invite a representative from the U.S department of Commerce – U.S CENSUS Bureau and a representative from the (B.I.S) Bureau of Industry and security.

One member pointed out that at the meeting a plethora of different scenarios of latched and unlatched, and their requirements could be discussed. Or perhaps we could provide the regulators with 30-40 scenarios beforehand and ask for their interpretation. In this manner they could come prepared to the meeting with their response.

- **Action point 2:**
 - SC Co-Chairmen will formalize the scenarios and get a letter to the IADC liaison. [The Committee members were requested to send their questions in to the SC for consolidation and presentation at the next meeting where the Main Committee could decide if a meeting with the regulators is needed.]
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- **Quality Subcommittee (Ted Mitchell):**
 - The lack of responses to IADC for the Quality Committee Exploratory meeting was discussed. It was agreed that many had not received the message most likely due to Spam filters or other computer issues.
 - The SC Chairman indicated that we should send out the meeting invite again as the computer issues appear to be resolved. It was suggested that Mr. Mitchell also provide the six main quality contact emails to the list prior to distribution of the invitation.
 - Mr Mitchell indicated that he felt that API was not ready to handle quality for the Drilling industry needs (perhaps in 2016 it may be considered). However, he recommended that IADC should consider the idea of establishing an IADC monogram program though it might be in direct competition by API. Historically a driller was never in the program and that IADC could create their own type of program as there is now a bridging path to cross over between both organizations (API & IADC). Many members indicated that IADC cannot wait until 2016 or later for API to take action regarding Drilling Equipment. There

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was agreement in the group that we should have a standard API and IADC monogram program.

- The SC Chairman stated that this is extremely important and that we need to get this going otherwise we will continue to get substandard products. We should set this up for the next meeting to get agreement to go head.
- **Action point 3:**
 - IADC and Ted Mitchell will resend the invitation to attend the “Quality Committee” kick off meeting to the right audience and ensure adequate participation at the meeting right after the Main IADC SC meeting on the 26th of June 2014.

OPEN DISCUSSION & COMMENTS

Election of 2014 Chairman of Supply Chain Committee and Vice Chair

Mr. Brent Shinall was nominated as Chairman of the IADC committee with a second. No other nominations were presented. Mr. Shinall was unanimously elected and accepted the post for 2014.

Brent S. appointed Jorge Lebrija, who accepted the position of 2014 vice-chairman.

With Mr. Shinall elected as Chairman of IADC Supply Chain Committee, there was a need to appoint a Chair for the Vendor Metrics Sub-committee to replace Mr. Shinall. Andy Poosuthasee was nominated and unanimously elected as Chair of the Vendor Metrics Sub-Committee.

ACTION ITEMS:

Action Item 1:

- Andy and Rodney will review and finalize the survey with the Sub-committee no later than 12 June 2014 (to be shared and agreed upon at the next main committee meeting).
- Rodney will identify the list of the top 20 DC's (onshore and offshore) and present the list to the committee at their next meeting for approval.

Action Item 2:

- Global Logistics & Trade SC Co-Chairmen will formalize the scenarios and get a letter to the IADC liaison. [The Committee members were requested to send their questions in to the SC for consolidation and presentation at the next meeting where the Main Committee could decide if a meeting with the regulators is needed.]

Action Item 3:

- IADC Liaison and Ted Mitchell will coordinate and resend the invitation to attend the “Quality Committee” kick off meeting to the right audience to ensure adequate participation at the meeting right after the IADC Supply Chain Committee meeting on the 26th of June 2014.

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Next Meeting Date and Venue:

Thursday, 26 June 2014, IADC Crown Center 1 & 2 Conference Rooms
11:00 AM –01:00 PM, Main IADC Supply Chain Meeting
01:00 PM ti 02:00 PM, Quality Committee kick-off meeting
Lunch Sponsor: TBA

Proposed Agenda 26 June 2014 Meeting

- Report from the Vendor Metrics SC
- Report from the Logistics & Trade SC

Attendance:

Blake	Boyce	CHESAPEAKE OILFIELD SERVICES
Rodney	Barretto	ENSCO PLC
Boris	Kos	ENSCO PLC
Jorge	Lebrija	ENSCO PLC
Theodore	Mitchell	ENSCO PLC
Tom	Schexnayder	ENSCO PLC
Warren	Rhone	HERCULES OFFSHORE, INC
John	Pertgen	IADC
Joseph	Turner	MAERSK DRILLING
Steve	Schappell	MAERSK DRILLING
Nicole	Green	NABORS CORPORATE SERVICES
Bonar	Luzey	NABORS CORPORATE SERVICES
Robert	Reed	NABORS CORPORATE SERVICES
James	Upchurch	NOBLE DRILLING
Rod	Deversa	NOBLE DRILLING
Justin	Goben	NOMAC DRILLING CORPORATION
Damon	Flores	SEADRILL AMERICAS
Maria	Esbona	VANTAGE DRILLING COMPANY
Andy	Poosuthasee	VANTAGE DRILLING COMPANY

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All meetings must have a written agenda that is circulated prior to the meeting. Attendees must strictly follow the agenda. Topics not on the agenda must be deferred until a later meeting.

Meeting minutes will be posted on the Committee's website following endorsement by Committee leadership and meeting attendees. Attendees should be aware that: 1. IADC staff shall audio record meetings for purposes of facilitating capture of meeting minutes; and 2. The final published minutes will include a record of who attended the meeting. The audio recording shall be destroyed immediately following endorsement of the minutes.

IADC Committee activities are governed by IADC's Antitrust Policy and Guidelines. [Click here for information on the policy and guidelines.](#)